

April 29, 2003

STATEMENT OF JOHN CALHOUN WELLS

before the

COMMISSION ON THE UNITED STATES POSTAL SERVICE

Good morning. My name is John Calhoun Wells. I currently work as a labor relations consultant and commercial arbitrator, focusing on labor strategy and dispute resolution. Before embarking on my latest career, I served from 1993-1998 as the Director of the Federal Mediation and Conciliation Service (FMCS), an independent agency of the United States government responsible for dispute resolution, preventive mediation, and arbitration. The FMCS is involved in both the private and public sectors.

During my career, I've been active in both the public sector, the private sector, and to a lesser extent, in academia. For example, early in my career I served as Special Assistant to U.S. Senator Wendell Ford of Kentucky, was the first Secretary of Labor for the Commonwealth of Kentucky, and later held the position of Senior Research Fellow at the John F. Kennedy School at Harvard. I have

written and published a number of articles and publications on labor-management relations.

I handled some difficult strikes and negotiations in recent years, such as the 1997 UPS/Teamsters strike and the multi-year Caterpillar/UAW strike in the 1990s. In addition, I worked to establish major labor-management partnerships at such places as GTE with the CWA/IBEW and at Kaiser Permanente with the AFL-CIO. I have served in the past and continue to serve today as a labor strategy consultant for a number of the country's leading companies.

Since 1993, I have observed and participated in postal labor relations. First, as Director of the Federal Mediation and Conciliation Service, I became aware of a General Accounting Office (GAO) study on labor relations in the Postal Service. This report, issued in September 1994, was entitled "Labor-Management Problems Persist on the Workroom Floor." Shortly thereafter, Congressman McHugh asked me to convene a Labor Summit involving the highest levels of postal management and union leadership. I chaired a series of these summit meetings over several years. I will be pleased in a moment to share some of the results of this process and what it may say about the state of postal labor relations.

Second, I served as the mediator and interest arbitrator for the impasse that resulted from unsuccessful

collective bargaining negotiations between the Postal Service and the National Rural Letter Carriers' Association. Those proceedings resulted in an award being issued on February 3, 2002.

As a result of my participation in these matters, I've been involved in postal labor issues for the past decade, both from the perspective of trying to facilitate a better relationship between the parties, as well as serving as the neutral in a labor negotiations impasse. I appreciate the invitation to address this Commission and share some of what I've learned as a result of these experiences.

The Labor Summit process was a challenging and ultimately rewarding experience. As reported by GAO, the state of labor relations in the Postal Service in the early to mid-1990s was not good. My experience in attempting to chair the earliest summit meetings substantiated the accuracy of that finding. There was a difference in the quality of the labor/management relationship among the four largest unions and the Postal Service. Further, it was clear that the relationship between the Postal Service and some of the unions did not lend itself to cooperative endeavors. During this time frame there seemed to be a bias against reaching collective bargaining agreements and resolving work place issues. This was evidenced by the failure from 1990 to 1998 to reach collective bargaining

agreements with all but one of the four major postal unions. Also, during this time, grievances, a barometer of the quality of the workplace relationship, numbered in the hundreds of thousands.

In my work with labor and management in many different industries throughout the nation, I have found that it was important to not merely address existing grievances, but to identify the causative factors for those grievances. For example, a large number of grievances may be generated by ambiguous contract language, or there might be a lot of grievances in one geographic area because of an overbearing plant manager, or a contentious union steward, or a poor labor/management relationship. High numbers of grievances might also be the result of reassignments, dislocations or other actions that employees are unhappy about. If you don't identify the root causes of grievances, you can't resolve the causative factors. Simply put, emptying the tub is of little value without turning off the spigot.

Based on these principles, the summit served as a forum for the parties to better communicate with each other at the highest levels. At first, we focused on attitudinal issues - like openness, communication, and mutual respect. As time passed, the summits addressed the future of the Postal Service and the risks its business and employees faced in an increasingly competitive marketplace.

Commitments were in fact made to explore new dispute resolution techniques and develop joint contract interpretation manuals to address the root causes of grievances.

I was pleased to hear that the open communications of today's senior postal management has been favorably commented upon by several of the union officials to testify before this Commission. Such open communications was a point of particular emphasis of the summit. It is clear to me that labor-management relations in the Postal Service has much improved from the beginning of the summit meetings to the present. This is demonstrated by the facts. Since 1998, the Postal Service and its unions have negotiated a number of voluntary agreements, and grievance numbers are falling. This is a very encouraging development.

For the future, I have specific thoughts about how the Postal Service should be able to continue the progress that has been made. First, it is critical that the parties adopt a philosophy that resolving problems, rather than litigating them, is the preferred approach. Whether it be labor or management, if they want to find reason to complain, they always can. The goal of cooperative, constructive labor-management relations is not one that can be imposed by legislation. The parties have to be willing

to do it themselves and assume responsibility for their actions if they choose not to.

Second, the parties must continue to operate in an atmosphere of open communication. They must recognize the fact that they all have a vested interest in the success of the Postal Service. Open communication is a predicate to an understanding of common interests, and it is these common interests that spur the parties to work together, rather than against one another.

Third, the parties should continue to pursue national-level joint contract interpretations. Particularly in an organization as large as the Postal Service, such joint interpretation manuals can foster an environment where problems are pre-empted rather than litigated. Unfortunately, this approach has not been adopted by all of the parties.

Now, let me share with you my experience as the mediator and interest neutral in the collective bargaining impasse between the Postal Service and the National Rural Letter Carriers' Association. It is my opinion that the current interest arbitration process is too formal, too adversarial, and too lengthy.

In my judgment, there was value to the mediation that preceded the interest arbitration with the Postal Service and the Rural Carriers' union. While the mediation did not

resolve the dispute, it did narrow the range of issues and focused the parties on the principal points of contention. Further, the mediation had the effect of introducing realistic expectations to each side.

Also, the mediation better prepared me to serve as the interest arbitrator. I was more familiar with the parties, more knowledgeable of the issues, and had a better understanding of what was most important. Even though there were significant changes in the contract affecting both parties, the interest arbitration award was a unanimous decision among all three arbitrators - the neutral chairman, as well as the management and union partisan arbitrators. Based on my considerable labor relations background, as well as my specific experience with the Postal Service, I believe med-arb is a valuable tool for resolving collective bargaining disputes.

I'd be happy to respond to questions the Commission may have.